

## Message Text

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PAGE 01 TRIPOL 00393 061317Z

53

ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01 PRS-01

USIA-06 XMB-02 /106 W

----- 014451

R 061032Z APR 75

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 2121

INFO AMEMBASSY PARIS

C O N F I D E N T I A L TRIPOLI 0393

E.O. 11652: GDS

TAGS: EINV

SUBJECT: LIBYAN RESERVES

1. LONDON REPRESENTATIVES OF BANKERS TRUST, BANK WHICH HAS IMPORTANT ROLE IN MANAGING LIBYA CAPITAL, HAVE GIVEN US SOME INFORMATION ABOUT LIBYAN RESERVES AND FORM IN WHICH THEY ARE HELD IN BANKS ABROAD.
2. THEY PUT LIBYAN RESERVES AT ABOUT DOLLARS 3.4 BILLION, MOST OF WHICH IS KEPT IN SHORT TERM, LIQUID DEPOSITS. UNTIL RECENTLY TWO HUNDRED MILLION WAS INVESTED IN U.S. TREASURY 90 DAY NOTES, AND REST OF LIBYAN PORTFOLIO IS SAID TO BE JUST AS CONSERVATIVE. INVESTMENT DECISIONS ARE MADE WEEKLY ON SUNDAYS BY A COMMITTEE AT THE CENTRAL BANK, AND CABLED TO BANKER'S TRUST IN NEW YORK IN TIME FOR WALL STREET OPENING MONDAY MORNING. BANKERS TRUST CABLES BIWEEKLY STATEMENTS TO CENTRAL BANK.

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PAGE 02 TRIPOL 00393 061317Z

3. OFTEN, BANKERS TRUST IS ASKED TO MAKE VERY

LARGE TRANSFERS OF CAPITAL WITHOUT EXPLANATION.  
TWO HUNDRED MILLION WAS TRANSFERRED TO FRENCH BANK  
SOCIETE GENERALE DURING MARCH, FOR EXAMPLE (PERHAPS  
TO PAY FOR F-1 MIRAGES LIBYANS ARE SUPPOSED TO HAVE  
ORDERED). EVEN LIBYAN CENTRAL BANKERS OFTEN DO NOT  
KNOW WHY TRANSFERS ARE ORDERED, AND THIS MAKES  
RATIONAL FINANCIAL PLANNING DIFFICULT, BANKERS  
TRUSTS REPS SAID.

4. THEY POINTED TO SIGNS THAT WITH DECLINING OIL  
PRODUCTION LIBYANS ARE NOW HAVING TO DIP INTO THEIR RESERVES.  
A SPECIAL ESCROW ACCOUNT FOR INTEREST HAD BEEN SET UP RECENTLY,  
BUT BEFORE AMOUNT SPECIFIED HAD ACCUMULATED, ACCOUNT WAS UN-  
EXPECTEDLY WITHDRAWN. LIBYANS HAVE VERY LARGE  
COMMITMENTS, BANKERS TRUST REPS NOTED, AND WITH  
OIL PRODUCTION RUNNING UNDER ONE MILLION BARRELS  
PER DAY THEIR CURRENT ACCOUNT ARE IN THE RED.  
STEIN

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## Message Attributes

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